

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: POCAHONTAS GAS PARTNERSHIP)
)
)
 RELIEF SOUGHT: POOLING OF INTERESTS)
 IN DRILLING UNIT NELW10) VIRGINIA
 PURSUANT TO SECTION) GAS AND OIL
 45.1-361.22, (CODE OF) BOARD
 VIRGINIA, 1950 AS)
 AMENDED) FOR THE PRODUCTION OF) DOCKET NO.
 COALBED METHANE GAS AND COALBED)
 METHANE GAS FROM ACTIVE GOB) VGOB 92/02/18-0190
 AREAS (herein collectively)
 "Coalbed Methane Gas"))
)
)

LEGAL DESCRIPTION:

DRILLING UNIT NUMBER NELW10 AS CREATED BY)
 BOARD ORDER DATED AS OF NOVEMBER 19,)
 1991, VGOB No.91-1119-160)
 (Hereafter "Subject Drilling Unit"))
 IN THE HURRICANE MAGISTERIAL DISTRICT,)
 BUCHANAN COUNTY, VIRGINIA)
 (the "Subject Lands" are more)
 particularly described on Exhibit)
 "A", attached hereto and made a)
 part hereof))

REPORT OF THE BOARDFINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on January 21, 1992, Dickenson Conference Room, Southwest Virginia Education 4-H Center, Abingdon, Virginia.

2. Appearances: James P. Jones and Elizabeth A. McClanahan of the firm of Penn, Stuart, Penn, Stuart, Eskridge & Jones, appeared for the Applicant.

3. Jurisdiction and Notice: Pursuant to Sections 45.1-361.1 et seq., Virginia Code, 1950 as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonable available sources to determine the identity and whereabouts of potential owners, i.e., persons of record, having or claiming the rights to coalbed methane gas in all coal seams below the Tiller Seam (hereafter "Subject Formations") in Subject Drilling Unit underlying and comprised of Subject Lands, and (2) has given notice to all parties (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by §§ 45.1-361.19 and 45.1-361.22, Virginia Code, 1950 as amended, to notice of this application and (3) that the persons set forth in Exhibit B hereto may be claimants of coalbed methane gas interests in Subject Formations, in Subject Drilling Unit underlying and comprised of Subject Lands and are made parties hereto. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19B, Virginia Code, 1950 as amended. Whereupon, the Board hereby finds that the notices given herein satisfy

all statutory requirements, Board rule requirements and the minimum standards of state and federal due process.

4. Amendments: None.

5. Dismissals: None.

6. Relief Requested: Applicant requests (1) that pursuant to §§ 45.1-361.22, including applicable to portions of § 45.1-361.21, Code of Virginia, 1950 amended, the Board pool the rights, interests and estates of the known and unknown persons named herein and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas produced from active gob areas from a longwall panel and its surrounding area in Consolidation Coal Company's Buchanan No. 1 Mine, i.e., Subject Drilling Unit established for the Subject Formations underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"), and (2) that the Board designate Applicant as Unit Operator.

7. Relief Granted: The requested relief in this cause be and hereby is granted and: (1) Pursuant to Sections 45.1-361.21(C)(3), Code of Virginia, 1950 as amended, Pocahontas Gas Partnership (hereafter "Unit Operator") is designated as the Unit Operator authorized to drill and operate any well in the Subject Drilling Unit, subject to the permit provisions contained in Section 45.1-361.27 et seq., Code of Virginia, 1950 as amended; the Oakwood Coalbed Gas Field Order No. OGCB 3-90 dated May 18, 1990; the Board's Order No. VGOB-91-1119-160 dated as of November 19, 1991; § 480-05-22.1 et seq., Gas and Oil Regulations; and § 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time, and (2) all the rights, interests, and estates of the known and unknown persons listed on Exhibit "B", attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, who are not subject to any lease and who have not voluntarily agreed to pool their interest in the Subject Drilling Unit, be and hereby are pooled in the Subject Formations in the Subject Drilling Unit underlying and comprised of the Subject Lands.

<u>Subject Formations</u>	<u>Unit Size</u>	<u>Permitted Well Location</u>	<u>Field and Well Classification</u>	<u>Order Number</u>
All coal seams below the Tiller seam and associated strata	NELW10 161.1 acres	BCH-DG- (CBM-PGP-) BCH-DG- (CBM-PGP-) BCH-DG- (CBM-PGP-) BCH-DG- (CBM-PGP-)	Oakwood Coalbed Gas Field and Exception there- to created for NELW10 by Board Order No.VGOB 91-1119-160	OGCB 3-90 (05/18/90), and VGOB 91-1119-160 11/19/91)

For the Subject Drilling Unit
underlying and comprised of the Subject
Land referred to as

Unit Number NELW10, which is within Oakwood Field Units 22S, 23S, 24S, 25S, 26S, 22T, 23T, 24T, 25T and 26T.
Buchanan County, Virginia.

8. Election and Election Period: Each person pooled hereby may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 herein to the designated Unit Operator at the address shown below within thirty (30) days from the date this Order is recorded in the county above named. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period,

Each electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed its written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

- 9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any person pooled hereby may elect to participate in the development and operation of the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation VR 480-05-22.2, Section 10 ("Completed for Production Costs"). Further, a Participating Operator agrees to pay such Participating Operator's proportionate part of the Estimated, Completed-for-Production Costs set forth below to the Unit Operator within forty-five (45) days from the date of mailing this Order. The Estimated, Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Estimated, Completed-for-Production Costs: \$372,355.34

Well BCH-DG-	(CBM-PGP-) (\$	@ .353) =
\$			
Well BCH-DG-	(CBM-PGP-) (\$	@ .434) =
\$			
Well BCH-DG-	(CBM-PGP-) (\$	@ .434) =
\$			
Well BCH-DG-	(CBM-PGP-) (\$	@ .434) =
\$			

A Participating Operator's proportionate cost hereunder shall be that proportion of said costs which the number of net mineral acres in the Subject Drilling Unit owned or claimed by such Participating Operator bears to the total number of mineral acres in Subject Drilling Unit. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay his proportionate part of the Estimated, Completed-for-Production Costs as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

- 9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above, any owner of an unleased interest may elect to accept a cash bonus consideration of \$1.00 per net mineral acre owned by such person plus a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the coalbed methane gas and gas condensate produced from any well development covered by this Order (for purposes of this Order, net proceeds shall be actual proceeds received less all post-production costs incurred downstream of the wellhead, including but not limited to, all gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person) as fair, reasonable and equitable

compensation to be paid to said owner, and any owner of a leased interest may elect to accept a cash bonus consideration to be paid to said owner of \$1.00 per net mineral acre leased as fair, reasonable and equitable compensation. Such cash bonus, when so elected, shall be tendered, paid or escrowed within sixty (60) days from the date of this Order, and when so paid or escrowed shall be satisfaction in full for all right, title, interests, estates, and claims of such electing person in the Subject Lands, except, in the case of the owner of an unleased interest, for the normal 1/8th royalty interest.

The election made under this Paragraph 9.2, when so made shall be satisfaction in full for all right, title, interests, estates and claims of such electing person in any well development covered hereby and such electing person shall be deemed to and hereby does lease and assign all its right, title, interests, estates, and claims in the Subject Drilling Unit to the Unit Operator.

- 9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, any person pooled hereby may elect to share in the development and operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. All of such Carried Well Operator's rights, title, interests, estates and claims in Subject Drilling Unit shall be deemed and hereby are assigned to the Unit Operator until the proceeds from the sale of such carried well operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such carried well operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development.

The election made under this Paragraph 9.3, when so made, shall be satisfaction in full for all rights, title, interests, estates and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign all its rights, title, interest, estates and claims in the Subject Formations in the Subject Drilling Unit to the Unit Operator for the period of time during which its interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event a person fails to elect within the time, in the manner and in accordance with the terms of this Order or

the alternatives set forth in Paragraph 9 above, such person accepts as to such person's interest, then such person shall be deemed to have elected not to participate in the proposed development and operation of Subject Drilling Unit and shall be deemed, subject to a final legal determination of ownership, to have elected to accept as satisfaction in full for all such person's right, title, interests, estates and claims the consideration provided in Paragraph 9.2 above for which its interest qualifies and shall be deemed to have leased and/or assigned all his right, title, interests, estates and claims in the Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed, subject to a final legal determination of ownership, to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for all right, title, interests, estates and claims of such person in the Subject Lands.

11. Default By Participating Person: In the event a person elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Estimated Completed-for-Production costs as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, title, interest, estates and claims the cash bonus consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any such cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within sixty (60) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for all right, title, interests, estates and claims of such person in the Subject Lands covered hereby.

12. Assignment of Interest: In the event a person elects or fails to elect to do other than participate under Paragraph 9.1 above in the development and operation of the well in Subject Formations in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Unit Operator all of such person's right, title, interests, estates and claims in and to said well, in Subject Formations in Subject Drilling Unit, and other share in production to which such person may be entitled by reason of any election or deemed election hereunder.

13. Unit Operator (or Operator): The Applicant, Pocahontas Gas Partnership, be and hereby is designated as Unit Operator authorized to drill and operate the well(s) in Subject Formations in Subject Drilling Unit for the production of coalbed methane gas and coalbed methane gas from active gob areas, all subject to the permit provisions contained in Section 45.1-361.27 et seq., Code of Virginia, 1950 as amended, the Virginia Gas and Oil Board Regulations, VR 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations and VR 480-05-22.1, Gas and Oil Regulations, all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

POCAHONTAS GAS PARTNERSHIP
P. O. Box 200
Mavisdale, VA 24627
Phone: (703) 498-3336
Fax: (703) 498-4512
Attn: Randall M. Albert

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling or conversion of any well covered hereby within three hundred and sixty-five (365) days from the date of this Order and

shall prosecute the same with due diligence. If Unit Operator shall not have so commenced and prosecuted, then this Order shall terminate, except for any cash sums becoming payable hereunder; otherwise, this Order shall expire at 12:00 P.M. on the date on which any well covered by this Order is permanently abandoned and plugged unless sooner terminated by Order of the Board.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the mineral estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are a charge against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

By this Order, the Board instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account (herein "Escrow Account") to receive and account to the Board pursuant to its agreement the escrowed funds hereafter described:

Tazewell National Bank
P. O. Box 909
Tazewell, VA 24651
(herein "Escrow Agent")

A. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit operator and shall pursuant to Section 45.1-361.21.D, Code of Virginia, 1950 as amended, be deposited by the operator into the Escrow Account, commencing when a sale of gas produced from the well commences and continuing thereafter on a calendar quarter basis with each deposit to be made, by use of the Report Form approved by the Director, by a date which is no later than forty-five (45) days after the last day of the calendar quarter being reported and/or for which funds are being deposited. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with §45.1-361.21.D., Code of Virginia, 1950 as amended. Attached hereto is a listing of all persons who cannot be located together with each person's last known address, if available.

B. Escrow Provisions For Conflicting Claimants: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment or other payment, shall not be commingled with any funds of the Unit Operator and shall, pursuant to Virginia Code Sections 45.1-361.22A.2 and 45.1-361.22A.4, be deposited by the Operator into the Escrow Account, commencing when a sale of gas produced from the well commences and continuing thereafter on a calendar quarter basis with each deposit to be made, by use of the Report Form approved by the Director, by a date which is no later than forty-five (45) days after the last day of the calendar quarter being reported and/or for which funds are being deposited. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

C. Other Escrow Provisions: If any person whose interest is pooled hereby refuses to accept the cash bonus consideration or if any such person cannot be paid the cash bonus, royalty payment or other payment due hereunder for any reason other than the reasons set forth in Paragraphs 16 or 17 above, Unit Operator shall not commingle any such funds with those of said Unit Operator and shall deposit such cash bonus, royalty payment or other payment into the Escrow Account and such funds shall be credited for the benefit of such person. Such funds so deposited in the Escrow Account shall be held for the benefit of the person(s) entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

17. Special Findings: The Board specifically and specially finds:

- (a) Applicant is a partnership composed of Consolidation Coal Company, a Delaware corporation, and Conoco, Inc., a Delaware corporation, duly authorized and qualified to transact business in the Commonwealth of Virginia;
- (b) Applicant claims control of 49.6049% of the Pocahontas No. 3 seam of coal. 49.5768% of all coal below the Tiller Seam, less the Pocahontas No. 3 seam, 47.2656% of the oil and gas and 51.0087% of the coalbed methane leasehold estate in Subject Drilling Unit in Buchanan County, Virginia, which Subject Lands are more particularly described in Exhibit "A". Pocahontas Gas Partnership claims ownership of the right to explore for, develop and produce the coalbed methane gas underlying 49.6049% of the NELW10.
- (c) Applicant is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
- (d) Applicant has proposed the conversion of four (4) existing vertical ventilation holes to coalbed methane wells on the Subject Drilling Unit to develop the pool in Subject Formations.
- (e) The gob area, as defined in Virginia Code Ann. § 45.1-361.1 (Supp. 1991) will extend from the base of the Pocahontas No. 2 seam of coal upward to and result in common communication of all seams and areas below the Tiller seam of coal.
- (f) Respondents are listed on Exhibit "B". Set forth in Exhibit "B": is the name and last known address of each person of record (who has not, in writing, leased to or voluntarily pooled their interests in Subject Drilling Unit for the development identified by the Applicant as having or claiming a potential interest in the coalbed methane gas underlying in Subject Drilling Unit underlying and comprised of Subject Lands.
- (g) Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in any well covered hereby are those options provided in Paragraph 9 above; and
- (h) The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person in the Subject Drilling Unit the opportunity to recover or receive, without unnecessary expense, each person's just and fair share of the production from Subject Drilling Unit. The

granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of petroleum hydrocarbons, prevent or assist in preventing the various types of waste prohibited by statute and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.

18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.

19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

20. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO-ORDERED.

21. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 29th day of April, 1992, by a majority of the Virginia Gas and Oil Board.

Benny R. Wampler
Chairman, Benny R. Wampler

DONE AND PERFORMED this 29th day of April, 1992, by Order of this Board.

Byron Thomas Fulmer
f/ Byron Thomas Fulmer
Principal Executive To The Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 29th day of April, 1992, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same as Chairman of the Virginia Gas and Oil Board as well as in behalf of the Principal Executive to the Staff of the Virginia Gas and Oil Board and was authorized to do so.

Susan G. Garrett
Susan G. Garrett
Notary Public

My commission expires July 31, 1994.

"SUBJECT LANDS" - NELW10

EXHIBIT A

Beginning at Virginia (South Rectangular) State Plane Coordinate N 333,271 E 984,554, thence S 87° 53' 09" E 8,430.74 feet to a point (N 332,960 E 992,979), thence S 02° 13' 51" W 1,952.48 feet to a point (N 331,009 E 992,903), thence N 88° 37' 45" W 8,401.40 feet to a point (N 331,210 E 984,504), thence N 01° 23' 23" E 2,061.61 feet to the point of Beginning, containing 391.11 acres.

EXHIBIT B

The following named persons or entities (hereinafter collectively referred to as "person(s)") may be owners of coalbed methane gas interests below the Tiller seam of coal in the NELW9 production unit who have not, in writing, leased or voluntarily pooled their interests in this unit for its development and operation:

1. Yukon Pocahontas Coal Company, Sayers Pocahontas Coal Company, Buchanan Coal Company and Georgia-Pacific Corporation, c/o Henry Harman, Jr., Managing Partner Big Vein Company, P. O. Box 187, Tazewell, VA 24651
2. C. L. Ritter Lumber Company, Incorporated, P.O. Box 700, Huntington, WV 25711
3. Island Creek Coal Company, Virginia Division, Drawer L, Oakwood, VA 24631
4. Cabot Oil & Gas Corporation, P. O. Box 1473, Charleston, WV 25325-1473
5. OXY USA, Inc., Mullins Building, 1600 Front Street, Drawer Q, Richlands, VA 24641
6. William Clifford Cochran, Box 337, Oakwood, VA 24631
7. Commonwealth of Virginia, Virginia Department of Transportation, 870 Bonham Road, Bristol, VA 24201
8. Modern Homes, c/o George Hagy, Rt. 4, Box 6, Grundy, VA 24614
9. Lida VanDyke, c/o Linda J. Holzfrefe, 8972 West F. Avenue, Kalamazoo, MO 49009

VIRGINIA: In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and in together with the certificate of acknowledgment annexed, admitted to record this 1st day of May, 19 92 3:50 P. M.
Deed Book No. 390 and Page No. 656

TESTE: [Signature] Clerk

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: POCAHONTAS GAS PARTNERSHIP)	
)	
RELIEF SOUGHT: POOLING OF INTERESTS)	
IN DRILLING UNIT NELW10)	VIRGINIA
PURSUANT TO SECTION)	GAS AND OIL
45.1-361.22, (CODE OF)	BOARD
VIRGINIA, 1950 AS)	
AMENDED) FOR THE PRODUCTION OF)	DOCKET NO.
COALBED METHANE GAS AND COALBED)	
METHANE GAS FROM ACTIVE GOB)	VGOB 92/02/18-0190
AREAS (herein collectively)	
"Coalbed Methane Gas"))	
)	
LEGAL DESCRIPTION:)	
)	
DRILLING UNIT NUMBER NELW10 AS CREATED BY)	
BOARD ORDER DATED AS OF NOVEMBER 19,)	
1991, VGOB No.91-1119-160)	
(Hereafter "Subject Drilling Unit"))	
IN THE HURRICANE MAGISTERIAL DISTRICT,)	
BUCHANAN COUNTY, VIRGINIA)	
(the "Subject Lands" are more)	
particularly described on Exhibit)	
"A", attached hereto and made a)	
part hereof))	

AMENDEDREPORT OF THE BOARDFINDINGS AND ORDER

1. Hearing Date, Place and History Related to Prior Order Pertaining Thereto: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on February 18, 1992, Dickenson Conference Room, Southwest Virginia Education 4-H Center, Abingdon, Virginia. An incomplete and incorrect draft of the Report of the Board, Findings and Order, was inadvertently executed on April 29, 1992, and thereafter inadvertently recorded on May 1, 1992, in Deed Book 390, Page No. 656 in the Clerk's Office of the Circuit Court of Buchanan County, Virginia. This Amended Report of the Board, Findings and Order is being entered by the Board and recorded with the Clerk's Office of the Circuit Court of Buchanan County to correct the errors and omissions contained in the previously recorded Report of the Board, Findings and Order, to properly reflect the testimony of the Applicant and the findings of the Board at the hearing on this matter on February 8, 1992, and to correct the errors and omissions caused when an incomplete and incorrect draft of the Board's Order was inadvertently executed and thereafter recorded in Deed Book 390, Page No. 656.

2. Appearances: James P. Jones and Elizabeth A. McClanahan of the firm of Penn, Stuart, Eskridge & Jones, appeared for the Applicant.

3. Jurisdiction and Notice: Pursuant to Sections 45.1-361.1 et seq., Virginia Code, 1950 as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonable available sources to determine the identity and whereabouts of potential owners, i.e., persons of record, having or claiming the

rights to coalbed methane gas in all coal seams below the Tiller Seam (hereafter "Subject Formations") in Subject Drilling Unit underlying and comprised of Subject Lands, and (2) has given notice to all parties (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by §§ 45.1-361.19 and 45.1-361.22, Virginia Code, 1950 as amended, to notice of this application and (3) that the persons set forth in Exhibit B hereto may be claimants of coalbed methane gas interests in Subject Formations, in Subject Drilling Unit underlying and comprised of Subject Lands who have not voluntarily agreed to pool their interests, and are made parties hereto. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19B, Virginia Code, 1950 as amended. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, board rule requirements and the minimum standards of state and federal due process.

4. Amendments: None.

5. Dismissals: None.

6. Relief Requested: Applicant requests (1) that pursuant to § 45.1-361.22, including applicable portions of § 45.1-361.21, Code of Virginia, 1950 amended, the Board pool all the interests and estates in Subject Drilling Unit, including those of the known and unknown persons listed on Exhibit "B", attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas produced from active gob areas from a longwall panel and its surrounding area in Consolidation Coal Company's Buchanan No. 1 Mine, i.e., Subject Drilling Unit established for the Subject Formations underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"), and (2) that the Board designate Applicant as Unit Operator.

7. Relief Granted: The requested relief in this cause be and hereby is granted and: (1) Pursuant to § 45.1-361.21(C)(3), Code of Virginia, 1950 as amended, Pocahontas Gas Partnership (hereafter "Unit Operator") is designated as the Unit Operator authorized to drill and operate any well in the Subject Drilling Unit, subject to: the permit provisions contained in § 45.1-361.27 et seq., Code of Virginia, 1950 as amended; the Oakwood Coalbed Gas Field Order No. OGCB 3-90 dated May 18, 1990; the Board's Order No. VGOB-91-1119-160 dated as of November 19, 1991; § 480-05-22.1 et seq., Gas and Oil Regulations; and § 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time, and (2) all the interests and estates in Subject Drilling Unit, including those of the known and unknown persons listed on Exhibit "B", attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, who are not subject to any lease and who have not voluntarily agreed to pool their interest in the Subject Drilling Unit, be and hereby are pooled in the Subject Formations in the Subject Drilling Unit underlying and comprised of the Subject Lands.

<u>Subject Formations</u>	<u>Unit Size</u>	<u>Permitted Well Location</u>	<u>Field and Well Classification</u>	<u>Order Number</u>
All coal seams below the Tiller seam and associated strata	NELW10 391.11 acres	BCH-DG-68 (CBM-PGP-68) BCH-DG-69 (CBM-PGP-69) BCH-DG-70 (CBM-PGP-70) BCH-DG-71 (CBM-PGP-71)	Oakwood Coalbed Gas Field and Exception there- to created for NELW10 by Board Order No.VGOB 91-1119-160	OGCB 3-90 (05/18/90), and VGOB 91-1119-160 11/19/91)

For the Subject Drilling Unit
underlying and comprised of the Subject
Land referred to as

Unit Number NELW10, which is within Oakwood Field Units 22S,
23S, 24S, 25S, 26S, 22T, 23T, 24T, 25T and 26T.
Buchanan County, Virginia.

8. Election and Election Period: Each person pooled hereby may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 herein to the designated Unit Operator at the address shown below within thirty (30) days from the date this Order is recorded in the county above named. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed its written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

- 9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any person pooled hereby may elect to participate in the development and operation of the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation VR 480-05-22.2, Section 10 ("Completed for Production Costs"). Further, a Participating Operator agrees to pay such Participating Operator's proportionate part of the Estimated, Completed-for-Production Costs set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The Estimated, Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Estimated, Completed-for-Production Costs: \$372,355.34

Well BCH-DG-68 (CBM-PGP-68) (\$299,264.00 @ .353) =
\$105,640.19

Well BCH-DG-69 (CBM-PGP-69) (\$301,616.00 @ .353) =
\$106,470.45

Well BCH-DG-70 (CBM-PGP-70) (\$230,400.00 @ .353) =
\$81,331.20

Well BCH-DG-71 (CBM-PGP-71) (\$223,551.00 @ .353) =
\$78,913.50

A Participating Operator's proportionate cost hereunder shall be that proportion of said costs which the number of net mineral acres in the Subject Drilling Unit owned or claimed by such Participating Operator bears to the total number of mineral acres in Subject Drilling Unit. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay his proportionate part of the Estimated, Completed-for-Production Costs as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to

participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

- 9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above, any owner of an unleased interest may elect to accept a cash bonus consideration of \$1.00 per net mineral acre owned by such person plus a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the coalbed methane gas and gas condensate produced from any well development covered by this Order (for purposes of this Order, net proceeds shall be actual proceeds received less all post-production costs incurred downstream of the wellhead, including but not limited to, all gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person) as fair, reasonable and equitable compensation to be paid to said owner, and any owner of a leased interest may elect to accept a cash bonus consideration to be paid to said owner of \$1.00 per net mineral acre leased as fair, reasonable and equitable compensation. Such cash bonus, when so elected, shall be tendered, paid or escrowed within sixty (60) days from the date of this Order and when so paid or escrowed shall be satisfaction in full for all right, title, interests, estates, and claims of such electing person in the Subject Lands, except, in the case of the owner of an unleased interest, for the normal 1/8th royalty interest.

The election made under this Paragraph 9.2, when so made shall be satisfaction in full for all right, title, interests, estates and claims of such electing person in any well development covered hereby and such electing person shall be deemed to and hereby does lease and assign all its right, title, interests, estates, and claims in the Subject Drilling Unit to the Unit Operator.

- 9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, any person pooled hereby may elect to share in the development and operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. All of such Carried Well Operator's rights, title, interests, estates and claims in Subject Drilling Unit shall be deemed and hereby are assigned to the Unit Operator until the proceeds from the sale of such carried well operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such carried well operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated

initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development.

The election made under this Paragraph 9.3, when so made, shall be satisfaction in full for all rights, title, interests, estates and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign all its rights, title, interest, estates and claims in the Subject Formations in the Subject Drilling Unit to the Unit Operator for the period of time during which its interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event a person fails to elect within the time, in the manner and in accordance with the terms of this Order or the alternatives set forth in Paragraph 9 above, such person accepts as to such person's interest, then such person shall be deemed to have elected not to participate in the proposed development and operation of Subject Drilling Unit and shall be deemed, subject to a final legal determination or ownership, to have elected to accept as satisfaction in full for all such person's right, title, interests, estates and claims the consideration provided in Paragraph 9.2 above for which its interest qualifies and shall be deemed to have leased and/or assigned all his right, title, interests, estates and claims in the Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed, subject to a final legal determination of ownership, to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for all right, title, interests, estates and claims of such person in the Subject Lands.

11. Default By Participating Person: In the event a person elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Estimated Completed-for-Production costs as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, title, interest, estates and claims the cash bonus consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any such cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within sixty (60) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for all right, title, interests, estates and claims of such person in the Subject Lands covered hereby.

12. Assignment of Interest: In the event a person elects or fails to elect to do other than participate under Paragraph 9.1 above in the development and operation of the well in Subject Formations in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Unit Operator all of such person's right, title, interests, estates and claims in and to said well, in Subject Formations in Subject Drilling Unit, and other share in production to which such person may be entitled by reason of any election or deemed election hereunder.

13. Unit Operator (or Operator): The Applicant, Pocahontas Gas Partnership, be and hereby is designated as Unit Operator authorized to drill and operate the well(s) in Subject Formations in Subject Drilling Unit for the production of coalbed methane gas and coalbed methane gas from active gob areas, all subject to the permit provisions contained in Section 45.1-361.27 et seq. ,

Code of Virginia, 1950 as amended, the Virginia Gas and Oil Board Regulations, VR 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations and VR 480-05-22.1, Gas and Oil Regulations, all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

POCAHONTAS GAS PARTNERSHIP
P. O. Box 200
Mavisdale, VA 24627
Phone: (703) 498-3336
Fax: (703) 498-4512
Attn: Randall M. Albert

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling or conversion of any well covered hereby within three hundred and sixty-five (365) days from the date of this Order and shall prosecute the same with due diligence. If Unit Operator shall not have so commenced and prosecuted, then this Order shall terminate, except for any cash sums becoming payable hereunder; otherwise, this Order shall expire at 12:00 P.M. on the date on which any well covered by this Order is permanently abandoned and plugged unless sooner terminated by Order of the Board.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the mineral estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are a charge against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

By this Order, the Board instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account (herein "Escrow Account") to receive and account to the Board pursuant to its agreement the escrowed funds hereafter described:

Tazewell National Bank
P. O. Box 909
Tazewell, VA 24651
(herein "Escrow Agent")

A. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit operator and shall pursuant to Section 45.1-361.21.D, Code of Virginia, 1950 as amended, be deposited by the operator into the Escrow Account, commencing when a sale of gas produced from the well commences and continuing thereafter on a calendar quarter basis with each deposit to be made, by use of the Report Form approved by the Director, by a date which is no later than forty-five (45) days after the last day of the calendar quarter being reported and/or for which funds are being deposited. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with §45.1-361.21.D., Code of Virginia, 1950 as amended. Attached hereto is a listing of all persons who cannot be located, if any, together with each person's last known address, if available.

B. Escrow Provisions For Conflicting Claimants: If any payment of bonus, royalty payment of other payment due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment or other payment, shall not be commingled with any funds of the Unit Operator and shall, pursuant to Virginia Code Sections 45.1-361.22A.2 and 45.1-361.22A.4, be deposited by the Operator into the Escrow Account, commencing when a sale of gas produced from the well commences and continuing thereafter on a calendar quarter basis with each deposit to be made, by use of the Report Form approved by the Director, by a date which is no later than forty-five (45) days after the last day of the calendar quarter being reported and/or for which funds are being deposited. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

C. Other Escrow Provisions: If any person whose interest is pooled hereby refuses to accept the cash bonus consideration or if any such person cannot be paid the cash bonus, royalty payment or other payment due hereunder for any reason other than the reasons set forth in Subparagraphs 16.a. and 16.b. above, Unit Operator shall not commingle any such funds with those of said Unit Operator and shall deposit such cash bonus, royalty payment or other payment into the Escrow Account and such funds shall be credited for the benefit of such person. Such funds so deposited in the Escrow Account shall be held for the benefit of the person(s) entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

17. Special Findings: The Board specifically and specially finds:

- (a) Applicant is a partnership composed of Consolidation Coal Company, a Delaware corporation, and Conoco, Inc., a Delaware corporation, duly authorized and qualified to transact business in the Commonwealth of Virginia;
- (b) Applicant claims control of 49.6049% of the Pocahontas No. 3 seam of coal, 49.5768% of all coal below the Tiller Seam, less the Pocahontas No. 3 seam, 47.2656% of the oil and gas and 51.0087% of the coalbed methane leasehold estate in Subject Drilling Unit in Buchanan County, Virginia, which Subject Lands are more particularly described in Exhibit "A". Pocahontas Gas Partnership claims ownership of the right to explore for, develop and produce the coalbed methane gas underlying 49.6049% of the MELW10.
- (c) Applicant is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
- (d) Applicant has initially proposed the conversion of four (4) existing vertical ventilation holes to coalbed methane wells on the Subject Drilling Unit to develop the pool in Subject Formations.
- (e) The gob area, as defined in Virginia Code Ann. § 45.1-361.1 (Supp. 1991) will extend from the base of the Pocahontas No. 2 seam of coal upward to and result in common communication of all seams and areas below the Tiller seam of coal.
- (f) Respondents are listed on Exhibit "B". Set forth in Exhibit "B" is the name and last known address of each person of record (who has not, in writing, leased to or voluntarily

pooled their interests in Subject Drilling Unit for the development identified by the Applicant as having or claiming a potential interest in the coalbed methane gas underlying in Subject Drilling Unit underlying and comprised of Subject Lands.

- (g) Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in any well covered hereby are those options provided in Paragraph 9 above; and
- (h) The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person in the Subject Drilling Unit the opportunity to recover or receive, without unnecessary expense, each person's just and fair share of the production from Subject Drilling Unit. The granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of petroleum hydrocarbons, prevent or assist in preventing the various types of waste prohibited by statute and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.

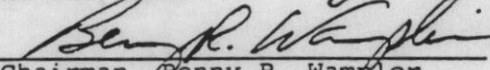
18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.

19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

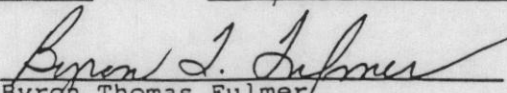
20. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

21. Effective Date: This Order shall be effective on the date of its execution and shall supersede in every respect the incorrect Report of the Board, Findings and Order, inadvertently executed April 29, 1992, and thereafter recorded May 1, 1992 at Deed Book 390, Page No. 656 in the Clerk's Office of Buchanan County, Virginia.

Done and executed this 9th day of June, 1992, by a majority of the Virginia Gas and Oil Board.


Chairman, Benny R. Wampler

Done and performed this 26th day of June, 1992, by Order of this Board.


Byron Thomas Fulmer
Principal Executive To The Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 9th day of June, 1992,
personally before me a notary public in and for the Commonwealth of Virginia,
appeared Benny Wampler, being duly sworn did depose and say that he is Chairman
of the Virginia Gas and Oil Board, that he executed the same and was authorized
to do so.

Susan G. Garrett

Susan G. Garrett

Notary Public

My commission expires 7/31/94

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 26th day of June, 1992,
personally before me a notary public in and for the Commonwealth of Virginia,
appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is
Principal Executive to the Staff of the Virginia Gas and Oil Board, that he
executed the same and was authorized to do so.

Diane J. Davis

Diane Davis

Notary Public

My commission expires 9/23/92

"SUBJECT LANDS" - NELW10

EXHIBIT A

Beginning at Virginia (South Rectangular) State Plane Coordinate N 333,271 E 984,554, thence S 87° 53' 09" E 8,430.74 feet to a point (N 332,960 E 992,979), thence S 02° 13' 51" W 1,952.48 feet to a point (N 331,009 E 992,903), thence N 88° 37' 45" W 8,401.40 feet to a point (N 331,210 E 984,504), thence N 01° 23' 23" E 2,061.61 feet to the point of Beginning, containing 391.11 acres.

EXHIBIT B

The following named persons or entities (hereinafter collectively referred to as "person(s)") may be owners of coalbed methane gas interests below the Tiller seam of coal in the NELW10 production unit who have not, in writing, leased or voluntarily pooled their interests in this unit for its development and operation:

1. Yukon Pocahontas Coal Company, Sayers Pocahontas Coal Company, Buchanan Coal Company and Georgia-Pacific Corporation, c/o Henry Harman, Jr., Managing Partner Big Vein Company, P. O. Box 187, Tazewell, VA 24651
2. C. L. Ritter Lumber Company, Incorporated, P.O. Box 700, Huntington, WV 25711
3. Island Creek Coal Company, Virginia Division, Drawer L, Oakwood, VA 24631
4. Cabot Oil & Gas Corporation, jP. O. Box 1473, Charleston, WV 25325-1473
5. OXY USA, Inc., Mullins Building, 1600 Ftont Street, Drawer Q, Richlands, VA 24641
6. William Clifford Cochran, Box 337, Oakwood, VA 24631
7. Commonwealth of Virginia, Virginia Department of Transportation, 870 Bonham Road, Bristol, VA 24201
8. Modern Homes, c/o George Hagy, Rt. 4, Box 6, Grundy, VA 24614
9. Lida VanDyke, c/o Linda J. Holzgreffe, 8972 West F Avenue, Kalamazoo, MI 49009

VIRGINIA: In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and is, together with the certificate of acknowledgment annexed, admitted to record this 15th day of July, 1992 1:14 P. M.
Deed Book No. 393 and Page No. 831

TESTE: _____

Clerk

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING

ELECTIONS, UNIT: NELW-10

(herein "Subject Drilling Unit")

DOCKET NUMBER VGOB-92/02/18-0190

REPORT OF BOARD

FINDINGS AND ORDER

1. This Supplemental Order is entered by the Board sua sponte in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas and Oil Board on June 16, 1992 at 9:00 a.m. at the Rhododendron Restaurant at the Breaks Interstate Park, Breaks, Virginia; and this Supplemental Order is being recorded for the purpose of (1) complying with the requirements of § 7.c of the Virginia Gas and Oil Board Regulations, VR 480-05-22.2 by supplementing the Order previously issued by the Board for the subject Docket on April 29, 1992 and recorded at Deed Book 393, Page 831 in the Office of the Clerk of the Circuit Court, Buchanan County, Virginia on July 1, 1992, (herein "Board Order") to complete the record regarding elections. The Board Order pooled all interests in Subject Drilling Unit including those of the Respondents more particularly set forth and identified by the Designated Operator in the affidavits attached hereto and made a part hereof. The Board finds it has jurisdiction over the subject matter pursuant to the provisions of the Virginia Gas and Oil Act, § 45.1-361.1 et seq., Virginia Code, 1950 as amended.

2. Findings: The Board finds that:

(a) The Board Order directed Pocahontas Gas Partnership, (herein the "Designated Operator"), to mail copies of the Board Order to all Respondents whose interests, if any, were pooled by said Board Order;

(b) The Designated Operator filed its affidavit of mailing dated August 19, 1992 disclosing that it had mailed a true and correct copy of the Board's Order to all Respondents whose interests, if any, were pooled by said Board Order;

(c) The Board Order required each Respondent whose interests, if any, were pooled by the terms of said Board Order to make his or her election within thirty (30) days after the date of mailing or recording, as applicable, of said Order; the Designated Operator has filed its affidavit dated August 24, 1994 in accordance with 7.c of the Virginia Gas and Oil Board Regulations and VR 480-05-22.2 (herein "Affidavit of Election"), wherein it has, for each Respondent whose interests, if any, were pooled by said Board Order, stated: (i) whether each Respondent has made or failed to make a timely election; (ii) the nature of the election made, if any; (iii)

whether, by reason of a failure to elect or to timely elect one or more Respondents are deemed, under the terms of the Board's Order, to have leased all their rights, title, interests, estates and claims in Subject Drilling Unit to the Designated Operator;

(d) The Board Order further required the Designated Operator, after expiration of the election period, to file with the Board a statement of the interests subject to escrow under the terms and provisions of the Board Order, in light of the elections made or deemed to have been made (herein "Statement of Interests"); that the Designated Operator furnished said Statement of Interest as part of its Affidavit of Election. A copy of which is attached hereto.

(e) Current Board standards requiring the escrow of funds and the Board's agreement with its Escrow Agent, Tazewell National Bank, P. O. Box 909, Tazewell, Virginia 24651, or any successor named by the Board, require the entry of a Supplemental Order establishing of record the elections made or deemed to have been made and specifying the sums or percentage thereof subject to escrow.

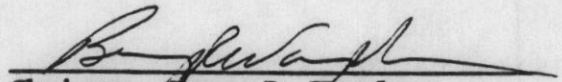
3. Order: By this Order, the Board orders the Designated Operator to tender, consistent with and in accordance with the findings set forth at paragraph 2. above and the annexed Affidavits, any funds subject to escrow and instructs the Escrow Agent, Tazewell National Bank, P. O. Box 909, Tazewell, Virginia 24651, or any successor named by the Board to establish interest-bearing escrow account(s), IRS Tax Identification Number 54-1629506, in accordance with the information set forth in said Affidavits to receive such funds and account to the Board therefore.

4. Mailing of Order and Filing of Affidavit: The Designated Operator under the captioned order or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that a true and correct copy of this Order was mailed within seven (7) days from the date of receipt of this Order to each person whose interest or claim is subject to escrow and whose address is known.

5. Conclusion: Therefore, the findings and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

6. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 20th day of December 1994, by a majority of the Virginia Gas and Oil Board.


Chairman, Benny R. Wampler

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 20th day of December, 1994, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Susan G. Garrett

Susan G. Garrett
Notary Public

My commission expires 7/31/94

DONE AND PERFORMED this 20th day of December 1994 by Order of this Board.

Byron Thomas Fulmer

Byron Thomas Fulmer
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA
COUNTY OF WASHINGTON

Acknowledged on this 20th day of December, 1994, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Diane J. Davis

Diane J. Davis
Notary Public

My commission expires 9/30/97

VIRGINIA:

Exhibit A

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE:

Application of Pocahontas Gas Partnership for Forced Pooling of Interests in Unit Number NELW-10
VGOB Docket No. 92/02/18-0190 in the Garden and Hurricane Districts of Buchanan County, Virginia

AFFIDAVIT OF Pocahontas Gas Partnership (herein "Designated Operator") REGARDING
ELECTIONS, ESCROW AND SUPPLEMENTAL ORDER

Leslie K. Arrington (herein Affiant), being first duly sworn on oath, deposes and says:

1. That your Affiant is employed by Consol, Inc. and assigned to Pocahontas Gas Partnership, the Designated Operator, at its office located at P.O. Box 947 Bluefield, VA 24605, that your Affiant is the Designated Operator's Permit Specialist, and is authorized to give this Affidavit in its behalf;
2. That the Order entered on April 29, 1992, by the Virginia Gas and Oil Board regarding the captioned CBM Unit required the Applicant to mail a true and correct copy of said Order to each person pooled by said Order;
3. That within seven (7) days of the receipt of an executed copy of the Order referred to at Paragraph 2. above, your Affiant caused a true and correct copy of said Order to be mailed via the United States Postal Service to each Respondent named in the captioned Application, whose address was known, and to all persons, if any, who were added as Respondents at the hearing held in the captioned matter; that annexed hereto and incorporated herein are copies of the letters of transmittal, receipts for certified mail, and return receipts pertaining to said mailing;
4. That the Order of the Virginia Gas and Oil Board in the captioned matter required all persons pooled thereby to tender their written elections to the Unit Operator within thirty (30) days of the date said Order was recorded in the county above named; that said Order was recorded on July 1, 1993.
5. That the Designated Operator, Pocahontas Gas Partnership, has established procedures to review all mail received and all written documents received by means other than by mail to ascertain whether parties whose interests have been pooled have made a written election, in a timely fashion, as required by the captioned Order; that said procedures were followed to identify the elections, if any, made with regard to Subject Unit; that the following persons delivered, by mail or otherwise, written elections to the Unit Operator, within the thirty day election period:

None.
6. That the interests and/or claims of the following persons (who made timely elections, or who are deemed under the terms of the Board's Order to have leased, or who, subsequent to the pooling hearing held in the captioned matter, have leased or otherwise entered into an agreement with the Designated Operator) are subject to escrow under the Board's Order pooling the captioned Unit, Board Regulations and the Code of Virginia;

SEE ATTACHED ESCROW SHEET

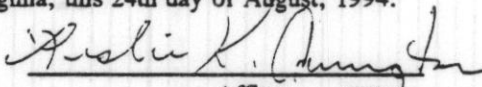
7. That after the pooling hearing held in the captioned matter, the following persons have leased or entered into a voluntary agreement with the Designated Operator with regard to their interests and/or claims which are not subject to escrow and should, therefore, be dismissed as Respondents:

William Cochran - Leased

Commonwealth of Virginia - Deemed Leased

8. That pursuant to the provisions of VR 480-05-22.27.C and VR 480-05-22.2.8, annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth and identifies the conflicting claims and/or interests which require escrow of funds pursuant to the terms of §§ 45.1-361.21.D, 45.1-361.22.A.3 and 4.;

Dated at Bluefield, Virginia, this 24th day of August, 1994.


Affiant

Taken, subscribed and sworn to before me by Leslie K. Arrington, the Permit Specialist, of Pocahontas Gas Partnership, a corporation, on behalf of the corporation, this 24th day of August, 1994.

My commission expires: 11/30/95



Notary

7. That after the pooling hearing held in the captioned matter, the following persons have leased or entered into a voluntary agreement with the Designated Operator with regard to their interests and/or claims which are not subject to escrow and should, therefore, be dismissed as Respondents:

William Cochran - Leased
Commonwealth of Virginia - Deemed Leased

8. That pursuant to the provisions of VR 480-05-22.27.C and VR 480-05-22.2.8, annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth and identifies the conflicting claims and/or interests which require escrow of funds pursuant to the terms of §§ 45.1-361.21.D, 45.1-361.22.A.3 and 4.;

Dated at Bluefield, Virginia, this 24th day of August, 1994.

Leslie K. Arrington
Affiant

Taken, subscribed and sworn to before me by Leslie K. Arrington, the Permit Specialist, of Pocahontas Gas Partnership, a corporation, on behalf of the corporation, this 24th day of August, 1994.

My commission expires: 11/30/95
Shari R. Lott
Notary

ESCROW EXHIBIT
POCAHONTAS GAS PARTNERSHIP
NELW-10 Unit

Wells Located Within this Unit: CBM - PGP-06, CBM - PGP-09, CBM - PGP-69A, CBM - PGP-70, CBM - PGP-70A, CBM - PGP-71, CBM - PGP-71A
391.11 Acres

TRACT OWNER/LESSEE NAME	MAP TRACT I.D.	ACRES	% UNIT	OWNED				CONTROL				ADVERSE				TYPE INTEREST				CONFLICTING CLAIM			
				COAL FEE OWNERSHIP		LEASED		PERCENT		ACRES		PERCENT		ACRES		PERCENT		FEE		OIL & GAS		YES	NO
				ACRES	PERCENT	ACRES	PERCENT	ACRES	PERCENT	ACRES	PERCENT	ACRES	PERCENT	ACRES	PERCENT	ACRES	PERCENT	ACRES	PERCENT	ACRES	PERCENT		
G.L. Ritter Lumber Company**	41	6	1.5341					6	1.5341														
Yukon Pocahontas Coal Company**	42	4	1.0227					4	1.0227														
Yukon Pocahontas Coal Company**	43	10	2.5566					10	2.5566														
Yukon Pocahontas Coal Company**	44	22	5.625					22	5.625														
Yukon Pocahontas Coal Company**	45	38	9.7159					38	9.7159														
Hugh MacRae Land Trust*	46	2	0.5114					2	0.5114														
Hugh MacRae Land Trust*	47	115.3	29.4802					115.3	29.4802														
Hugh MacRae Land Trust*	48	2.5	0.6392					2.5	0.6392														
Yukon Pocahontas Coal Company**	49	0.21	0.0537					0.21	0.0537														
Yukon Pocahontas Coal Company**	50	18	4.0909					18	4.0909														
Yukon Pocahontas Coal Company**	51	75	19.1762					75	19.1762														
Hugh MacRae Land Trust*	52	55	14.0625					55	14.0625														
Hugh MacRae Land Trust*	53	10	2.5566					10	2.5566														
Hugh MacRae Land Trust*	54	3.3	0.8436					3.3	0.8436														
William Cochran**	55	5.6	1.4319					5.6	1.4319														
Commonwealth of Virginia**	56	0.4	0.1023					0.4	0.1023														
Hugh MacRae Land Trust*	57	5	1.2784					5	1.2784														
Hugh MacRae Land Trust*	58	0.8	0.2045					0.8	0.2045														
Yukon Pocahontas Coal Company**	59	20	5.1137					20	5.1137														
TOTAL		391.11	100					385.51	98.5681	6	1.5342												

OIL & GAS FEE OWNERSHIP																						
G.L. Ritter Lumber Company**	41	6	1.5341					6	1.5341													
Yukon Pocahontas Coal Company**	42	4	1.0227					4	1.0227													
Yukon Pocahontas Coal Company**	43	10	2.5566					10	2.5566													
Yukon Pocahontas Coal Company**	44	22	5.625					22	5.625													
Yukon Pocahontas Coal Company**	45	38	9.7159					38	9.7159													
Consolidation Coal Company*	46	2	0.5114					2	0.5114													
Garden Realty Corporation*	47	115.3	29.4802					115.3	29.4802													
Consolidation Coal Company*	48	2.5	0.6392					2.5	0.6392													
Yukon Pocahontas Coal Company**	49	0.21	0.0537					0.21	0.0537													
Yukon Pocahontas Coal Company**	50	18	4.0909					18	4.0909													
Yukon Pocahontas Coal Company**	51	75	19.1762					75	19.1762													
Garden Realty Corporation*	52	55	14.0625					55	14.0625													
Modern Homes, Inc.*	53	8	2.0454					8	2.0454													
Walter Wade Heirs*	54	2	0.51136					2	0.51136													
Carl Wade	55	1.86666666	0.42613333					1.86666666	0.42613333													
Eunice Wade Baldwin	56	1.86666666	0.42613333					1.86666666	0.42613333													
Stella Wade Gillespie	57	1.86666666	0.42613333					1.86666666	0.42613333													
Gladys Wade Boyd	58	1.86666666	0.42613333					1.86666666	0.42613333													
Vinnie Wade Newberry	59	1.86666666	0.42613333					1.86666666	0.42613333													
Eddy Wade Smith Heirs	53	1.86666666	0.42613333					1.86666666	0.42613333													
Lula Smith Robins	53																					
Tom C. Smith	53																					
Dolphus Smith	53																					
Raymond B. Smith	53																					
Luther Smith	53																					
Lydia VanDyke*	54	2.64	0.67504					2.64	0.67504													

ESCROW EXHIBIT
POCAHONTAS GAS PARTNERSHIP
NELW-10 Unit
391.11 Acres

Wells Located Within this Unit: CBM - PGP-66, CBM - PGP-69, CBM - PGP-69A, CBM - PGP-70, CBM - PGP-70A, CBM - PGP-71, CBM - PGP-71A

TRACT OWNER/LESSEE NAME	MAP TRACT I.D.	ACRES	% UNIT	OWNED		CONTROL LEASED		ACRES	ADVERSE PERCENT	FEE	TYPE INTEREST		CONFLICTING CLAIM	
				ACRES	PERCENT	ACRES	PERCENT				COAL	OIL & GAS	YES	NO
Walter Wade Helms*	54	0.66	0.16676			0.66	0.16676							
Carl Wade	54	0.55	0.1406333			0.55	0.1406333							
Eunice Wade Baldwin	54	0.55	0.1406333			0.55	0.1406333							
Stella Wade Gillespie	54	0.55	0.1406333			0.55	0.1406333							
Gayda Wade Boyd	54	0.55	0.1406333			0.55	0.1406333							
Vinnie Wade Newberry	54	0.55	0.1406333			0.55	0.1406333							
Eady Wade Smith Helms	54	0.55	0.1406333			0.55	0.1406333							
Lula Smith Robins	54	0.55	0.1406333			0.55	0.1406333							
Tom C. Smith	54													
Dolphus Smith	54													
Raymond S. Smith	54													
Luther Smith	54													
William Cochran**	55	5.6	1.4319			5.6	1.4319							
Commonwealth of Virginia**	56	0.4	0.1023						0.4	0.1023				
Commonwealth of Virginia**	57	5	1.2764						5	1.2764				
Parloco of Norton*	58	0.04	0.1036						0.04	0.1036				
Walter Wade Helms*	58	0.16	0.0409						0.16	0.0409				
Carl Wade	58	0.1333333	0.0340833			0.1333333	0.0340833							
Eunice Wade Baldwin	58	0.1333333	0.0340833			0.1333333	0.0340833							
Stella Wade Gillespie	58	0.1333333	0.0340833			0.1333333	0.0340833							
Gayda Wade Boyd	58	0.1333333	0.0340833			0.1333333	0.0340833							
Vinnie Wade Newberry	58	0.1333333	0.0340833			0.1333333	0.0340833							
Eady Wade Smith Helms	58	0.1333333	0.0340833			0.1333333	0.0340833							
Lula Smith Robins	58	0.1333333	0.0340833			0.1333333	0.0340833							
Tom C. Smith	58													
Dolphus Smith	58													
Raymond S. Smith	58													
Luther Smith	58													
Yukon Pocahontas Coal Company**	59	20	5.1137			20	5.1137							
TOTAL		391.11	100			385.71	98.4505	5.2	2.0054					

* Total to be escrowed in-house due to conflicting claims: 197.21 acres - 50.4232%

** Total to be paid (no conflicting claim) - 193.9 acres - 49.5768%

*** Total to be escrowed with the Virginia Escrow Agent - 0.00

NOTE: Consoil docket no. 708-504 tracks force pooled. This force pooling was for
unleased parties, it did not include conflicting claims.

e:\NELW10 WK1

3156

CITIZENS OFFICE CIRCUIT COURT
IN AND FOR CLACK COUNTY, VIRGINIA
at 4:30 PM day of Dec 1964
Re: noted lived Book _____ of clock _____ M.
Page _____
213 County Tax _____
036 State Tax _____
212 Transfer _____
301 Recording _____
036 State Tax _____
220 Local Tax _____
145 VSLF _____
Total 1.00
Teste James M. Bevins, Jr., Clerk
By III D.C.

Liana Davis